

Opening Statement of Chairman Moran
Subcommittee on General Farm Commodities and Risk Management
Review of Efforts to Eliminate Waste, Fraud and Abuse in the Crop Insurance Program
June 15, 2006

The hearing of this subcommittee will now come to order.

We are here today to address the issue of program integrity within the federal crop insurance system. Crop insurance is a vital component of many farm operations throughout the nation and this Committee is charged with ensuring that the program is not only meeting the needs of our producers, but money is not being drained from the program by cases of waste, fraud and abuse.

I look forward to the testimony our witness will provide today to bring us up to date on the current state of waste, fraud and abuse prevention and detection in the crop insurance program. I appreciate the time and effort our witnesses have put into appearing before the Committee today.

In order to ensure that insurance options were available to farmers, the Congress passed the Federal Crop Insurance Act of 1980 and created a unique partnership between private insurance companies and the federal government within the crop insurance program.

Although not perfect, crop insurance is a critical component of the farm safety net. With the passing of the Agriculture Risk Protection Act (ARPA) of 2000, Congress made a substantial investment in the Federal Crop Insurance Program to make crop insurance more accessible and affordable to farmers and attempt to decrease the need for costly ad hoc disaster assistance. The Congress also took significant strides to protect this substantial investment by providing the Department of Agriculture with the tools to needed to better monitor the program for waste, fraud and abuse.

ARPA contained several provisions that were designed to enhance USDA's capacity to recognize and respond to the challenges of program compliance and integrity. These provisions resulted from widespread concern from farmers about abuses to the crop insurance program.

Although challenges continue to exist and improvements need to be made, I think significant strides have been made to curb waste, fraud and abuse and we recognize the need to remain vigilant. One of the biggest success in minimizing waste, fraud and abuse is Tarleton State University's data mining program and I look forward to hearing Dr. Little's testimony about the University's commendable efforts. I realize mandatory funding for this program expired at the end of FYO5 and the program has been operating on annual appropriations. This program has strengthened the integrity of our

federal crop insurance program and needs to be again funded by mandatory dollars.

Spending on agriculture accounts for less than 1 percent of the total U.S. budget and we want to ensure that all of those dollars are being put to the use they were intended. I believe that the federal crop insurance program and its governing agencies are making significant efforts to preserve the integrity of the program which has become a vital component of U.S. agricultural production. But, is enough being done? Does the Risk Management Agency have the authority and tools necessary to detect and regulate cases of abuse and fraud? I trust that our witnesses will be able to provide the Subcommittee with answers to those questions.

I now turn to the gentleman from North Carolina, our Ranking Member Mr. Etheridge, for any opening remarks he may have.